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UNCLAS HARARE 000675

SIPDIS

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR 2037 DIEMOND
PASS USTR ROSA WHITAKER
TREASURY FOR ED BARBER AND C WILKINSON
STATE PASS USAID FOR MARJORIE COPSON

1E. O. 12958: N/A

TAGS: ECON ENV ETRD ZI

SUBJECT: Increasing South African Leverage over Zimbabwe in Electrical Power

Ref: a) Harare 79 b) Harare 643 c) Harare 489

11. (SBU) Summary: Zimbabwe's growing dependence on South African energy - and diminishing ability to pay for it - renders the southern neighbor infinite leverage here.
End Summary.

12. (U) Domestic power generation is in shambles, mostly due to coal-miner Wankie Colliery's dilapidated state (refs a/b). Depending on the source, Zimbabwe now imports 40 percent of its electrical energy. Reportedly, 60 percent of these imports come from power giant ESKOM, and the remainder from Mozambique's Cahora Bassa, the DRC's SNEL and Zambia's ZESCO. If these numbers are correct, ESKOM now supplies 24 percent of Zimbabwe's power.

13. (U) Regional energy companies, and especially Cahora Bassa, have cut exports to an increasingly delinquent Zimbabwe. As a result, most Zimbabwean industries have begun to suffer power rationing. While not yet as critical as the ongoing fuel and food crises, company reps tell us the energy crisis is becoming worse each day. GOZ attempts to persuade exporters to pay in U.S. dollars have made no impact (ref c).

Comment

14. (SBU) We understand parastatal ESKOM has been more timid than other power companies in coaxing the insolvent GOZ to address arrears and has thus far maintained its power supply at near normal levels. It is not clear to us what signals the RSA has been sending to ESKOM, but its adoption of a position paralleling that of Cahora Bassa would have a major effect here. Purely on economic grounds, however, we suspect ESKOM's magnanimity has its limits, although we defer to Pretoria for more nuanced insight. Unless the GOZ reassesses policies that are obliterating Wankie and many other companies, a more severe energy shortfall is likely.

Sullivan